

SENATE BILL No. 525

DIGEST OF SB 525 (Updated February 1, 2007 11:08 am - DI 101)

Citations Affected: IC 6-3.1; IC 15-9; noncode.

Synopsis: Various energy incentives. Provides various energy related tax incentives. Establishes a biomass grant program. Appropriates money to the Purdue University technical assistance program.

Effective: July 1, 2007; January 1, 2008.

Hershman, Gard

January 23, 2007, read first time and referred to Committee on Utilities & Regulatory Affairs.

February 1, 2007, amended, reported favorably — Do Pass; reassigned to Committee on Tax and Fiscal Policy.





First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

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SENATE BILL No. 525

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

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SECTION	J 1. J	IC 6-3.1-2	27-9.5,	AS A	MENDEI) BY	P.L.122-20	06,
SECTION 7,	IS A	MENDE	D TO I	READ	AS FOLL	OW	S [EFFECTI	VE
JANUARY	1,	2008]:	Sec.	9.5.	Except	as	provided	in
IC 6-3.1-28-	11(c), the tota	ıl amoı	int of	credits all	owed	under:	

- (1) section 8 of this chapter;
- (2) section 9 of this chapter; and
- (3) IC 6-3.1-28;

may not exceed fifty million dollars (\$50,000,000) for all taxpayers and all taxable years beginning after December 31, 2004. The corporation shall determine the maximum allowable amount for each type of credit, which must be at least four million dollars (\$4,000,000) for each type of credit.

SECTION 2. IC 6-3.1-28-11, AS AMENDED BY P.L.122-2006, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. (a) As used in this section, "cellulosic ethanol" means ethanol derived solely from lignocellulosic or hemicellulosic matter.

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1	(b) The corporation shall determine the maximum amount of credits
2	that a taxpayer (or if the person producing the ethanol is a pass through
3	entity, the shareholders, partners, or members of the pass through
4	entity) is eligible to receive under this section. The total amount of
5	credits allowed a taxpayer (or, if the person producing the ethanol is a
6	pass through entity, the shareholders, partners, or members of the pass
7	through entity) under this chapter may not exceed a total of the
8	following amounts for all taxable years:
9	(1) Two million dollars (\$2,000,000) in the case of a taxpayer
10	who produces at least forty million (40,000,000) but less than
11	sixty million (60,000,000) gallons of grain ethanol in a taxable
12	year.
13	(2) Three million dollars (\$3,000,000) in the case of a taxpayer
14	who produces at least sixty million (60,000,000) gallons of grain
15	ethanol in a taxable year.
16	(3) Twenty million dollars (\$20,000,000) in the case of a
17	taxpayer who produces at least forty million (40,000,000)
18	gallons of cellulosic ethanol in a taxable year.
19	(c) The total amount of tax credits allowed under this chapter
20	for a taxpayer who produces at least forty million (40,000,000)
21	gallons of cellulosic ethanol is not subject to the maximum amount
22	of tax credits imposed by IC 6-3.1-27-9.5.
23	SECTION 3. IC 6-3.1-31 IS ADDED TO THE INDIANA CODE
24	AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
25	JANUARY 1, 2008]:
26	Chapter 31. Energy Savings Tax Credit
27	Sec. 1. As used in this chapter, "energy star heating and cooling
28	equipment" means heating and cooling equipment that is rated for
29	energy efficiency under the federal energy star program.
30	Sec. 2. As used in this chapter, "energy star program" refers to
31	the program established by Section 324A of the federal Energy
32	Policy and Conservation Act.
33	Sec. 3. As used in this chapter, "heating and cooling equipment"
34	means:
35	(1) a furnace;
36	(2) a water heater;
37	(3) central air conditioning;
38	(4) a room air conditioner; and
39	(5) a programmable thermostat.
40	Sec. 4. As used in this chapter, "pass through entity" means:
41	(1) a corporation that is exempt from the adjusted gross
42	income tax under IC 6-3-2-2.8(2);



1	(2) a partnership;	
2	(3) a limited liability company; or	
3	(4) a limited liability partnership.	
4	Sec. 5. As used in this chapter, "small business" has the meaning	
5	set forth in IC 4-4-5.2-3.	
6	Sec. 6. As used in this chapter, "state tax liability" means the	
7	taxpayer's total tax liability that is incurred under:	
8	(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);	
9	(2) IC 27-1-18-2 (the insurance premiums tax); and	
10	(3) IC 6-5.5 (the financial institutions tax);	
11	as computed after the application of the credits that, under	
12	IC 6-3.1-1-2, are to be applied before the credit provided by this	
13	chapter.	
14	Sec. 7. As used in this chapter, "taxpayer" means:	
15	(1) an individual filing a single return;	
16	(2) a married couple filing a joint return; or	
17	(3) a small business;	
18	that has any state tax liability.	
19	Sec. 8. Subject to section 12 of this chapter, a taxpayer is	
20	entitled to a credit against the taxpayer's state tax liability for a	
21	taxable year equal to the lesser of the following:	
22	(1) Twenty percent (20%) of the amount of expenditures for	
23	energy star heating and cooling equipment incurred by the	
24	taxpayer during the taxable year.	_
25	(2) One hundred dollars (\$100).	
26	Sec. 9. (a) If a pass through entity is entitled to a credit under	
27	this chapter but does not have state tax liability against which the	
28	credit may be applied, an individual who is a shareholder, partner,	V
29	or member of the pass through entity is entitled to a credit equal	
30	to:	
31	(1) the credit determined for the pass through entity for the	
32	taxable year; multiplied by	
33	(2) the percentage of the pass through entity's distributable	
34	income to which the individual is entitled.	
35	(b) The credit provided under subsection (a) is in addition to a	
36	tax credit to which a shareholder, partner, or member of a pass	
37	through entity is otherwise entitled under this chapter. However,	
38	a pass through entity and an individual who is a shareholder,	
39 40	partner, or member of the pass through entity may not claim more	
40 41	than one (1) credit for the same expenditures for energy star	
41 42	heating and cooling equipment.	
42	Sec. 10. The amount of a credit claimed under this chapter may	



1	not exceed a quantied taxpayer's state tax hability. A taxpayer is
2	not entitled to a carryback, carryover, or refund of an unused
3	credit.
4	Sec. 11. A taxpayer may not sell, assign, convey, or otherwise
5	transfer the tax credit provided by this chapter.
6	Sec. 12. (a) The total amount of tax credits allowed under this
7	chapter may not exceed one million dollars (\$1,000,000) in a state
8	fiscal year.
9	(b) To receive a credit under this chapter, a taxpayer must have
10	the amount of the taxpayer's expenditures for energy star heating
11	and cooling equipment certified by the office of energy and defense
12	development. The office of energy and defense development may
13	not certify the amount of an expenditure if the certification would
14	result in the amount of tax credits awarded under this chapter
15	exceeding the amount of tax credits permitted under subsection (a).
16	Sec. 13. The office of energy and defense development shall
17	implement procedures for issuing the certifications required under
18	section 12 of this chapter.
19	Sec. 14. To receive the credit provided by this chapter, a
20	taxpayer must claim the credit on the taxpayer's annual state tax
21	return or returns in the manner prescribed by the department. The
22	taxpayer shall submit to the department all information that the
23	department determines is necessary for the calculation of the credit
24	provided by this chapter.
25	SECTION 4. IC 6-3.1-32 IS ADDED TO THE INDIANA CODE
26	AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
27	JANUARY 1, 2008]:
28	Chapter 32. Renewable Energy Systems Tax Credits
29	Sec. 1. As used in this chapter, "geothermal energy heating and
30	cooling system" means a system that is designed to use the natural
31	heat from the earth to provide hot water, produce electricity, or
32	generate heating or cooling.
33	Sec. 2. As used in this chapter, "pass through entity" means:
34	(1) a corporation that is exempt from the adjusted gross
35	income tax under IC 6-3-2-2.8(2);
36	(2) a partnership;
37	(3) a limited liability company; or
38	(4) a limited liability partnership.
39	Sec. 3. As used in this chapter, "renewable energy system"
40	means:
41	(1) a geothermal heating and cooling system; or
42	(2) a qualified wind energy system



1	Sec. 4. As used in this chapter, "state tax liability" means the	
2	taxpayer's total tax liability that is incurred under:	
3	(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);	
4	(2) IC 27-1-18-2 (the insurance premiums tax); and	
5	(3) IC 6-5.5 (the financial institutions tax);	
6	as computed after the application of the credits that, under	
7	IC 6-3.1-1-2, are to be applied before the credit provided by this	
8	chapter.	
9	Sec. 5. As used in this chapter, "taxpayer" means:	
10	(1) an individual filing a single return;	
11	(2) a married couple filing a joint return; or	
12	(3) a business;	
13	that has any state tax liability.	
14	Sec. 6. As used in this chapter, "qualified wind energy system"	
15	means a device that uses the wind to generate not more than one	
16	hundred (100) kilowatts.	
17	Sec. 7. (a) This subsection applies only to a taxpayer who installs	
18	a geothermal heating and cooling system during a taxable year.	
19	Subject to section 11 of this chapter, a taxpayer is entitled to a	
20	credit against the taxpayer's state tax liability for a taxable year	
21	equal to the lesser of:	
22	(1) twenty-five percent (25%) of the amount of expenditures	
23	for a geothermal heating and cooling system incurred by the	
24	taxpayer during the taxable year; or	
25	(2) the following applicable amount:	
26	(A) Two thousand five hundred dollars (\$2,500), in the case	
27	of a taxpayer who installs a geothermal heating and	
28	cooling system for a structure containing fewer than ten	V
29	thousand (10,000) square feet.	
30	(B) Five thousand dollars (\$5,000), in the case of a taxpayer	
31	who installs a geothermal heating and cooling system for	
32	a structure containing at least ten thousand (10,000)	
33	square feet.	
34	(b) This subsection applies only to a taxpayer who installs a	
35	wind turbine during a taxable year. Subject to section 11 of this	
36	chapter, a taxpayer is entitled to a credit against the taxpayer's	
37	state tax liability for a taxable year equal to the lesser of:	
38	(1) fifteen percent (15%) of the amount of expenditures for a	
39	qualified wind energy system incurred by the taxpayer during	
40	the taxable year; or	
41	(2) the following applicable amount:	
12	(A) Two thousand five hundred dollars (\$2,500) in the case	



1	of a taxpayer who installs a qualified wind energy system
2	for a structure containing fewer than ten thousand (10,000)
3	square feet.
4	(B) Five thousand dollars (\$5,000), in the case of a taxpayer
5	who installs a qualified wind energy system for a structure
6	containing at least ten thousand (10,000) square feet.
7	Sec. 8. (a) If a pass through entity is entitled to a credit under
8	this chapter but does not have state tax liability against which the
9	credit may be applied, an individual who is a shareholder, partner,
10	or member of the pass through entity is entitled to a credit equal
11	to:
12	(1) the credit determined for the pass through entity for the
13	taxable year; multiplied by
14	(2) the percentage of the pass through entity's distributable
15	income to which the individual is entitled.
16	(b) The credit provided under subsection (a) is in addition to a
17	tax credit to which a shareholder, partner, or member of a pass
18	through entity is otherwise entitled under this chapter. However,
19	a pass through entity and an individual who is a shareholder,
20	partner, or member of the pass through entity may not claim more
21	than one (1) credit for the same expenditures for a renewable
22	energy system.
23	Sec. 9. The amount of a credit claimed under this chapter may
24	not exceed a qualified taxpayer's state tax liability. A taxpayer is
25	not entitled to a carryback, carryover, or refund of an unused
26	credit.
27	Sec. 10. A taxpayer may not sell, assign, convey, or otherwise
28	transfer the tax credit provided by this chapter.
29	Sec. 11. (a) The amount of tax credits allowed under this chapter
30	may not exceed two million dollars (\$2,000,000) in a state fiscal
31	year.
32	(b) To receive a credit under this chapter, a taxpayer must have
33	the amount of the taxpayer's expenditures for a renewable energy
34	system certified by the office of energy and defense development.
35	The office of energy and defense development may not certify the
36	amount of an expenditure if the certification would result in the
37	amount of tax credits awarded under this chapter exceeding the
38	amount of tax credits permitted under subsection (a).
39	Sec. 12. The office of energy and defense development shall
40	implement procedures for issuing the certifications required under
41	section 11 of this chapter.

Sec. 13. To receive the credit provided by this chapter, a



1	taxpayer must claim the credit on the taxpayer's annual state tax	
2	return or returns in the manner prescribed by the department. The	
3	taxpayer shall submit to the department all information that the	
4	department determines is necessary for the calculation of the credit	
5	provided by this chapter.	
6	SECTION 5. IC 6-3.1-33 IS ADDED TO THE INDIANA CODE	
7	AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE	
8	JANUARY 1, 2008]:	
9	Chapter 33. Energy Efficiency Program Tax Credit	_
10	Sec. 1. As used in this chapter, "pass through entity" means:	4
11	(1) a corporation that is exempt from the adjusted gross	
12	income tax under IC 6-3-2-2.8(2);	
13	(2) a partnership;	
14	(3) a limited liability company; or	
15	(4) a limited liability partnership.	
16	Sec. 2. As used in this chapter, "program" refers to the Purdue	4
17	University technical assistance program.	
18	Sec. 3. As used in this chapter, "qualified cost" means any cost:	
19	(1) recommended by the program; and	
20	(2) incurred by a qualified taxpayer to improve the energy	
21	efficiency of the qualified taxpayer's facilities.	_
22	Sec. 4. As used in this chapter, "qualified taxpayer" means a	
23	taxpayer that has incurred at least five hundred thousand dollars	
24	(\$500,000) in energy costs in a calendar year beginning after	
25	December 31, 2004.	
26	Sec. 5. As used in this chapter, "state tax liability" means the	
27	taxpayer's total tax liability that is incurred under:	
28	(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);	
29	(2) IC 27-1-18-2 (the insurance premiums tax); and	
30	(3) IC 6-5.5 (the financial institutions tax);	
31	as computed after the application of the credits that, under	
32	IC 6-3.1-1-2, are to be applied before the credit provided by this	
33	chapter.	
34	Sec. 6. As used in this chapter, "taxpayer" means any person,	
35	corporation, limited liability company, partnership, or other entity	
36	that has any state tax liability.	
37	Sec. 7. (a) Subject to section 11 of this chapter, a qualified	
38	taxpayer is entitled to a credit against the qualified taxpayer's state	
39	tax liability for a taxable year if the qualified taxpayer:	
40	(1) has, after December 31, 2006, received industrial energy	
41	services from the program; and	
42	(2) incurs qualified costs in the taxable year.	



1	(b) The amount of the credit allowed under this chapter is equal
2	to the lesser of the following:
3	(1) The product of:
4	(A) the amount of the qualified costs incurred by the
5	qualified taxpayer in the taxable year; multiplied by
6	(B) ten percent (10%).
7	(2) Two hundred fifty thousand dollars (\$250,000).
8	(c) Both:
9	(1) the qualified taxpayer's receipt of industrial energy
10	services from the program; and
11	(2) the amount of qualified costs incurred by the qualified
12	taxpayer in the taxable year;
13	must be certified by the program.
14	Sec. 8. (a) If a pass through entity is entitled to a credit under
15	this chapter but does not have state tax liability against which the
16	credit may be applied, an individual who is a shareholder, partner,
17	or member of the pass through entity is entitled to a credit equal
18	to:
19	(1) the credit determined for the pass through entity for the
20	taxable year; multiplied by
21	(2) the percentage of the pass through entity's distributable
22	income to which the individual is entitled.
23	(b) The credit provided under subsection (a) is in addition to a
24	tax credit to which a shareholder, partner, or member of a pass
25	through entity is otherwise entitled under this chapter. However,
26	a pass through entity and an individual who is a shareholder,
27	partner, or member of the pass through entity may not claim more
28	than one (1) credit for the same qualified costs.
29	Sec. 9. The amount of a credit claimed under this chapter may
30	not exceed a qualified taxpayer's state tax liability. A taxpayer is
31	not entitled to a carryback, carryover, or refund of an unused
32	credit.
33	Sec. 10. A taxpayer may not sell, assign, convey, or otherwise
34	transfer the tax credit provided by this chapter.
35	Sec. 11. The amount of tax credits allowed under this chapter
36	may not exceed two million five hundred thousand dollars
37	(\$2,500,000) in a state fiscal year.
38	Sec. 12. To receive the credit provided by this chapter, a
39	taxpayer must claim the credit on the taxpayer's annual state tax
40	return or returns in the manner prescribed by the department. The
41	taxpayer shall submit to the department the certifications required

under section 7 of this chapter and any other information that the



1	department determines is necessary for the calculation of the credit	
2	provided by this chapter.	
3	SECTION 6. IC 6-3.1-34 IS ADDED TO THE INDIANA CODE	
4	AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE	
5	JANUARY 1, 2008]:	
6	Chapter 34. Indiana Fueled Energy Investment Tax Credit	
7	Sec. 1. As used in this chapter, "biomass" means any organic	
8	matter that is available on a renewable basis, including	
9	agricultural crops and agricultural wastes and residues, wood and	
10	wood wastes and residues, animal wastes, municipal wastes, food	
11	wastes, and aquatic plants.	
12	Sec. 2. As used in this chapter, "corporation" means the Indiana	
13	economic development corporation established by IC 5-28-3-1.	
14	Sec. 3. As used in this chapter, "Indiana coal" has the meaning	
15	set forth in IC 4-4-30-4.	
16	Sec. 4. As used in this chapter, "Indiana fuel" means either of	
17	the following:	
18	(1) Any of the following when the fuel is gasified, liquefied, or	
19	methanized:	
20	(A) Biomass produced in Indiana.	
21	(B) Indiana coal.	
22	(C) Petroleum coke produced in Indiana.	
23	(D) Oil shale located in Indiana.	
24	(2) Coal mine methane when used in the production of power.	
25	Sec. 5. As used in this chapter, "office" means the office of	
26	energy and defense development.	
27	Sec. 6. As used in this chapter, "qualified investment" means a	
28	taxpayer's expenditures for:	, V
29	(1) all real and tangible personal property incorporated in	
30	and used as part of a facility used to produce energy from	
31	Indiana fuel; and	
32	(2) transmission equipment and other real and personal	
33	property located at the site of the energy production facility	
34	that is employed specifically to serve the energy production	
35	facility.	
36	Sec. 7. As used in this chapter, "pass through entity" means:	
37	(1) a corporation that is exempt from the adjusted gross	
38	income tax under IC 6-3-2-2.8(2);	
39	(2) a partnership;	
40	(3) a limited liability company; or	
41	(4) a limited liability partnership.	
42	Sec. 8. As used in this chapter, "petroleum coke" means a	



1	carbonaceous solid derived from the process of refining oil.
2	Sec. 9. As used in this chapter, "state tax liability" means the
3	taxpayer's total tax liability that is incurred under:
4	(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
5	(2) IC 27-1-18-2 (the insurance premiums tax); and
6	(3) IC 6-5.5 (the financial institutions tax);
7	as computed after the application of the credits that, under
8	IC 6-3.1-1-2, are to be applied before the credit provided by this
9	chapter.
10	Sec. 10. As used in this chapter, "taxpayer" means any person,
11	corporation, limited liability company, partnership, or other entity
12	that:
13	(1) has any state tax liability;
14	(2) makes a qualified investment.
15	Sec. 11. (a) A taxpayer that:
16	(1) is awarded a tax credit under this chapter by the office;
17	and
18	(2) complies with the conditions set forth in this chapter and
19	the agreement entered into by the corporation and the
20	taxpayer under this chapter;
21	is entitled to a credit against the taxpayer's state tax liability for a
22	taxable year in which the taxpayer places into service an energy
23	production facility using Indiana fuel and for the taxable years
24	provided in section 13 of this chapter.
25	(b) A tax credit awarded under this chapter must be applied
26	against the taxpayer's state tax liability in the following order:
27	(1) Against the taxpayer's liability incurred under IC 6-3-1
28	through IC 6-3-7 (the adjusted gross income tax).
29	(2) Against the taxpayer's liability incurred under IC 6-5.5
30	(the financial institutions tax).
31	(3) Against the taxpayer's liability incurred under
32	IC 27-1-18-2 (the insurance premiums tax).
33	Sec. 12. The amount of the credit to which a taxpayer is entitled
34	for a qualified investment is equal to the lesser of the following:
35	(1) The product of:
36	(A) the amount of the taxpayer's qualified investment;
37	multiplied by
38	(B) ten percent (10%).
39	(2) Fifty million dollars (\$50,000,000).
40	Sec. 13. (a) A credit awarded under section 11 of this chapter
41	must be taken in ten (10) annual installments, beginning with the
42	year in which the taxpayer places into service the taxpayer's



1	energy production facility.
2	(b) The amount of an annual installment of the credit awarded
3	under section 11 of this chapter is equal to the quotient of:
4	(1) the credit amount determined under section 12 of this
5	chapter; divided by
6	(2) ten (10).
7	Sec. 14. (a) If a pass through entity is entitled to a credit under
8	this chapter but does not have state tax liability against which the
9	credit may be applied, an individual who is a shareholder, partner,
0	or member of the pass through entity is entitled to a credit equal
1	to:
2	(1) the credit determined for the pass through entity for the
3	taxable year; multiplied by
4	(2) the percentage of the pass through entity's distributable
5	income to which the individual is entitled.
6	(b) The credit provided under subsection (a) is in addition to a
7	tax credit to which a shareholder, partner, or member of a pass
8	through entity is otherwise entitled under this chapter. However,
9	a pass through entity and an individual who is a shareholder,
20	partner, or member of the pass through entity may not claim more
21	than one (1) credit for the same qualified investment.
22	Sec. 15. The amount of a credit claimed under this chapter may
23	not exceed a qualified taxpayer's state tax liability. A taxpayer is
24	not entitled to a carryback, carryover, or refund of an unused
25	credit.
26	Sec. 16. A taxpayer may not sell, assign, convey, or otherwise
27	transfer the tax credit provided by this chapter.
28	Sec. 17. (a) person that proposes to place a new energy
29	production facility utilizing Indiana fuel into service may apply to
0	the corporation before the taxpayer makes the qualified investment
31	to enter into an agreement for a tax credit under this chapter. The
32	corporation shall prescribe the form of the application.
3	(b) The office shall provide any technical assistance requested
34	by the corporation in the administration of this chapter.
55	Sec. 18. After receipt of an application, the corporation may
66	enter into an agreement with the applicant for a credit under this
37	chapter if the corporation determines that the taxpayer's proposed
8	investment satisfies the requirements of this chapter.
9	Sec. 19. (a) The corporation shall enter into an agreement with
10	an applicant that is awarded a credit under this chapter. The
1	agreement must include all the following:
-2	(1) A detailed description of the project that is the subject of



1	the agreement
2	the agreement. (2) The first taxable year for which the credit may be claimed.
3	(3) The amount of the tax credit that, subject to section 15 of
4	this chapter, will be allowed for each taxable year.
5	• •
	(4) A requirement that the taxpayer shall maintain operations
6	at the project location for at least ten (10) years during the
7	term that the tax credit is available.
8	(5) A requirement that the taxpayer shall pay an average
9	wage to its employees at the energy production facility, other
10	than highly compensated employees, in each taxable year that
11	a tax credit is available, that equals at least one hundred
12	twenty-five percent (125%) of the average county wage in the
13	county in which the energy production facility is located.
14	(6) A requirement that the taxpayer will maintain at the
15	location where the qualified investment is made, during the
16	term of the tax credit, a total payroll that is at least equal to
17	the payroll that existed on the date that the taxpayer placed
18	the energy production facility into service.
19	(7) A requirement that one hundred percent (100%) of the
20	fuel used at the energy production facility must be Indiana
21	fuel.
22	(8) A requirement that the energy production facility will
23	comply with any energy efficiency or emission standard
24	recommended by the office and imposed by the corporation.
25	(b) A taxpayer must comply with the terms of the agreement
26	described in subsection (a) to receive an annual installment of the
27	tax credit awarded under this chapter. The corporation shall
28	annually determine whether the taxpayer is in compliance with the
29	agreement. If the corporation determines that the taxpayer is in
30	compliance, the corporation shall issue a certificate of compliance
31	to the taxpayer.
32	Sec. 19. To receive the credit awarded by this chapter, a
33	taxpayer must claim the credit on the taxpayer's annual state tax
34	return or returns in the manner prescribed by the department. The
35	taxpayer shall submit to the department a copy of the taxpayer's
36	certificate of compliance issued under section 18 of this chapter,
37	and all information that the department determines is necessary
38	for the calculation of the credit provided by this chapter.
39	SECTION 7. IC 15-9-2-3, AS AMENDED BY P.L.1-2006,
40	SECTION 294, IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2007]: Sec. 3. The department shall do the



41 42

following:

1	(1) Provide administrative and staff support for the following:	
2	(A) The center for value added research.	
3	(B) The state fair board for purposes of administering the	
4	director of the department of agriculture's duties under	
5	IC 15-1.5-4.	
6	(C) The Indiana corn marketing council for purposes of	
7	administering the duties of the director of the department of	
8	agriculture under IC 15-4-10.	
9	(D) The Indiana organic peer review panel.	
10	(E) The Indiana dairy industry development board for	4
11	purposes of administering the duties of the director of the	
12	department of agriculture under IC 15-6-4.	
13	(F) The Indiana land resources council.	
14	(G) The Indiana grain buyers and warehouse licensing agency.	
15	(H) The Indiana grain indemnity corporation.	
16	(I) The division of soil conservation established by	4
17	IC 15-9-4-1.	
18	(2) Administer the election of state fair board members.	
19	(3) Administer state programs and laws promoting agricultural	
20	trade.	
21	(4) Administer state livestock or agriculture marketing grant	
22	programs.	
23	(5) Administer economic development efforts for agriculture.	
24	(6) Promote and support the biomass grant program	_
25	established by IC 15-9-5-3.	
26	SECTION 8. IC 15-9-5 IS ADDED TO THE INDIANA CODE AS	
27	A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY	N.
28	1, 2007]:	N.
29	Chapter 5. Biomass Grant Program	
30	Sec. 1. As used in this chapter, "office" means the office of	
31	energy and defense development.	
32	Sec. 2. As used in this chapter, "person" means an individual, a	
33	partnership, a corporation, a limited liability company, an	
34	unincorporated association, a governmental entity, or any other	
35	legal entity.	
36	Sec. 3. There is established the biomass grant program.	
37	Sec. 4. The office shall award grants and administer the	
38	program from funds appropriated to the office under section 6 of	
39	this chapter.	
40	Sec. 5. The department shall assist the office in carrying out the	
41	office's duties under this chapter.	
42	Sec. 6. The amount necessary to implement this chapter is	



1	annually appropriated to the office.
2	Sec. 7. A person may apply on a form prescribed by the office
3	for a grant under this chapter to defray a part of the cost of
4	installing a biomass energy project that makes use of any of the
5	following technologies:
6	(1) Anaerobic digestion.
7	(2) Gasification.
8	(3) Fast pyrolysis.
9	Sec. 8. A grant awarded under this chapter may not exceed the
10	greater of:
11	(1) twenty-five percent (25%) of a person's biomass energy
12	project costs; or
13	(2) two hundred fifty thousand dollars (\$250,000).
14	Sec. 9. The total amount of grants awarded under this chapter
15	in a state fiscal year may not exceed two million dollars
16	(\$2,000,000).
17	Sec. 10. This chapter expires July 1, 2009.
18	SECTION 9. [EFFECTIVE JULY 1, 2007] (a) There is annually
19	appropriated to Purdue University six hundred thousand dollars
20	(\$600,000) from the state general fund for the operating expenses
21	of the technical assistance program's industrial energy services
22	program for the period beginning July 1,2007, and ending June 30,
23	2009.
24	(b) There is annually appropriated to Purdue University five
25	hundred thousand dollars (\$500,000) from the state general fund
26	for the operating expenses of the technical assistance program's
27	industrial energy services program for the period beginning July
28	1, 2009, and ending June 30, 2011.
29	(c) There is appropriated to Purdue University four hundred
30	thousand dollars (\$400,000) from the state general fund for the
31	operating expenses of the technical assistance program's industrial
32	energy services program for the period beginning July 1, 2011, and
33	ending June 30, 2012.
34	(d) The money appropriated by this SECTION does not revert
35	to the state general fund at the close of any state fiscal year but
36	remains available to Purdue University until the purpose for which
37	it was appropriated is fulfilled.
38	(e) The Purdue University technical assistance program director
39	shall annually report the program activities funded under this
40	SECTION to the:
41	(1) office of energy and defense development; and



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(2) legislative council.

1	A report submitted under this SECTION to the legislative council	
2	must be in an electronic format under IC 5-14-6.	
3	(f) This SECTION expires July 1, 2012.	
4	SECTION 10. [EFFECTIVE JANUARY 1, 2008] (a)	
5	IC 6-3.1-28-11, as amended by this act, applies to taxable years	
6	beginning after December 31, 2007.	
7	(b) IC 6-3.1-31, IC 6-3.1-32, IC 6-3.1-33, and IC 6-3.1-34, all as	
8	added by this act, apply to taxable years beginning after December	
9	31, 2007.	
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SENATE MOTION

Madam President: I move that Senator Gard be added as second author of Senate Bill 525.

HERSHMAN

COMMITTEE REPORT

Madam President: The Senate Committee on Utilities and Regulatory Affairs, to which was referred Senate Bill No. 525, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-3.1-27-9.5, AS AMENDED BY P.L.122-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9.5. **Except as provided in IC 6-3.1-28-11(c)**, the total amount of credits allowed under:

- (1) section 8 of this chapter;
- (2) section 9 of this chapter; and
- (3) IC 6-3.1-28;

may not exceed fifty million dollars (\$50,000,000) for all taxpayers and all taxable years beginning after December 31, 2004. The corporation shall determine the maximum allowable amount for each type of credit, which must be at least four million dollars (\$4,000,000) for each type of credit.".

Page 2, between lines 6 and 7, begin a new paragraph and insert:

"(c) The total amount of tax credits allowed under this chapter for a taxpayer who produces at least forty million (40,000,000) gallons of cellulosic ethanol is not subject to the maximum amount of tax credits imposed by IC 6-3.1-27-9.5.".

Page 3, line 32, after "12." insert "(a)".

Page 3, between lines 34 and 35, begin a new paragraph and insert:

"(b) To receive a credit under this chapter, a taxpayer must have the amount of the taxpayer's expenditures for energy star heating and cooling equipment certified by the office of energy and defense development. The office of energy and defense development may not certify the amount of an expenditure if the certification would result in the amount of tax credits awarded under this chapter exceeding the amount of tax credits permitted

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under subsection (a).

Sec. 13. The office of energy and defense development shall implement procedures for issuing the certifications required under section 12 of this chapter.".

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Page 3, line 35, delete "13." and insert "14.".
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Page 4, delete lines 3 through 12.

Page 4, line 13, delete "3." and insert "1.".

Page 4, line 17, delete "4." and insert "2.".

Page 4, line 23, delete "5." and insert "3.".

Page 4, delete line 25.

Page 4, line 26, delete "(2)" and insert "(1)".

Page 4, line 27, delete "(3)" and insert "(2)".

Page 4, line 28, delete "6." and insert "4.".

Page 4, line 36, delete "7." and insert "5.".

Page 4, line 36, delete "section," and insert "chapter,".

Page 4, line 41, delete "8." and insert "6.".

Page 5, line 2, delete "9." and insert "7.".

Page 5, line 4, delete "13" and insert "11".

Page 5, delete lines 19 through 34.

Page 5, line 35, delete "(c)" and insert "(b)".

Page 5, line 36, delete "13" and insert "11".

Page 6, line 8, delete "10." and insert "8.".

Page 6, line 24, delete "11." and insert "9.".

Page 6, line 28, delete "12." and insert "10.".

Page 6, line 30, delete "13." and insert "11. (a)".

Page 6, between lines 32 and 33, begin a new paragraph and insert:

"(b) To receive a credit under this chapter, a taxpayer must have the amount of the taxpayer's expenditures for a renewable energy system certified by the office of energy and defense development. The office of energy and defense development may not certify the amount of an expenditure if the certification would result in the amount of tax credits awarded under this chapter exceeding the amount of tax credits permitted under subsection (a).

Sec. 12. The office of energy and defense development shall implement procedures for issuing the certifications required under section 11 of this chapter."

Page 6, line 33, delete "14." and insert "13.".

Page 9, line 1, after "municipal wastes," insert "food wastes,".

Page 9, delete lines 7 through 10, begin a new paragraph and insert:

"Sec. 4. As used in this chapter, "Indiana fuel" means either of the following:

(1) Any of the following when the fuel is gasified, liquefied, or



methanized:

- (A) Biomass produced in Indiana.
- (B) Indiana coal.
- (C) Petroleum coke produced in Indiana.
- (D) Oil shale located in Indiana.
- (2) Coal mine methane when used in the production of power.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass and be reassigned to the Senate Committee on Tax and Fiscal Policy.

(Reference is to SB 525 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 10, Nays 0.







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